

HOUSING FOR ESSENTIAL CIVILIAN EMPLOYEES OF THE ARMED FORCES

MAY 25, 1956.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. SPENCE, from the Committee on Banking and Currency, sub-
mitted the following

R E P O R T

[To accompany S. 3515]

The Committee on Banking and Currency, to whom was referred the bill (S. 3515) to amend the National Housing Act, as amended, to assist in the provision of housing for essential civilian employees of the Armed Forces, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

Page 2, line 8, strike out "research and development" and insert "research or development".

Page 2, lines 9 and 10, strike out "Armed Forces of the United States or a contractor thereof and is considered by the Armed Forces" and insert "military departments of the United States or a contractor thereof and is considered by such military department".

Page 2, line 19, strike out "research and development" and insert "research or development".

GENERAL STATEMENT

This bill would add a new section 809 to title VIII of the National Housing Act, to provide mortgage insurance on homes to be owned by private individuals who are essential civilian employees of the armed services, or employees of contractors of the armed services, at research or development installations. Mortgage terms available under the bill are the same as those available under section 203 of the National Housing Act, the FHA's regular program of mortgage insurance for sales housing.

In order to qualify for insurance under the proposed new section, an individual would be required to hold a certificate issued by the Secretary of Defense which certifies that (1) he requires housing, (2) he is, on the date of the certificate, a civilian employed by one of the military departments, or a contractor thereof, at a research or development installation, and (3) he is considered by such military department to be an essential, nontemporary, employee at such date.

In addition to issuing the certificate attesting to the employment status of each essential civilian and his need for housing, the Secretary of Defense would be required to certify to the Commissioner of FHA that housing is necessary for these civilian employees and that there is no present intention to substantially curtail the number of such civilian personnel assigned or to be assigned to such installations. The latter certificate would be conclusive evidence to the FHA Commissioner of the need for housing, but if the Commissioner should determine that mortgage insurance on such housing is not an acceptable risk he could require the Secretary of Defense to guarantee the armed services housing mortgage insurance fund from loss with respect to the mortgages in question.

The program contemplated by this bill, unlike section 203, would not be governed by the test of economic soundness. The necessity for waiving the economic soundness requirement, applicable under section 203, arises from the fact that the housing program for essential civilians is intended to serve certain critical areas where the economic base consists to a disproportionate extent of research and development activities being conducted by the military. In such communities, the present urgent housing demand has not been met. Adequate housing for the essential civilians covered by this bill is considered to be an indispensable prerequisite to the orderly functioning of the national security program.

This is the present situation which exists at the Redstone Arsenal at Huntsville, Ala. The Department of Defense has designated the Redstone Arsenal as an installation for the study and development of the intermediate continental ballistic missile program. Without a special FHA program, adequate housing cannot be provided for the essential scientists and technical personnel vitally needed for the development program.

A representative of the Department of Defense testified before the committee that an initial program to build from 1,500 to 2,000 houses for civilian employees at Redstone Arsenal should be undertaken at the earliest possible date, and that the shortage of housing for essential civilian employees will soon become acute at other research and development installations, such as Patrick Air Force Base in Florida, China Lake Naval Ordnance Test Center in California, and Holloman Air Force Base in New Mexico.

During the past several years of great scientific and technological advances, the civilian employee has come to play an increasingly important role in every program undertaken by the Armed Forces, especially research and development programs. The essential civilian employee is now as integral a part of the Armed Forces as the man in uniform. Many of these essential civilians, according to the Department of Defense, are hopeful of pursuing professional careers as employees of the Armed Forces. In view of the probability that this type of defense personnel will be needed at or near the military

installation for some time to come, it is necessary to insure these employees a reasonable opportunity to obtain adequate housing in the vicinity of their employment.

While there is presently available no accurate estimate of how many units may be needed under this program, it seems reasonable to estimate that for the coming year a limit of 10,000 units would meet all requirements. In order to maintain some control on this program, the Secretary of Defense is required to issue a notice of eligibility to the civilian worker which will secure for him the right to become a mortgagor under this section. It is expected that the Secretary of Defense will establish appropriate regulations defining essential civilian workers to be aided in this program.

The committee feels that the bill as amended will meet a housing need and serve a program which is an integral part of the Nation's defense.

COMMITTEE AMENDMENTS

The amendments adopted by the committee were suggested by the Department of Defense. Their effect is (1) to make it clear that the bill applies to installations devoted to either research or development (for some purposes there is a distinction between the two terms); and (2) to dispel any possible implication that joint determination by the Armed Forces would be required in the matter of who is an essential employee, and make it clear that this determination will be made by the military department (Army, Navy, or Air Force) which employs him.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as passed by the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

NATIONAL HOUSING ACT, AS AMENDED

* * * * * TITLE VIII—ARMED FORCES HOUSING MORTGAGE INSURANCE * * * * *

Sec. 809. (a) Notwithstanding any other provisions of this title and in addition to mortgages insured under section 803, the Commissioner may insure any mortgage under this section which meets the eligibility requirements set forth in section 203 (b) of this Act: Provided, That a mortgage insured under this section shall have been executed by a mortgagor who at the time of insurance is the owner of the property and either occupies the property or certifies that his failure to do so is the result of a change in his employment by the Armed Forces or a contractor thereof and to whom the Secretary or his designee has issued a certificate indicating that such person requires housing and is at the date of the certificate a civilian employee at a research and development installation of one of the Armed Forces of the United States or a contractor thereof an is considered by the Armed Forces to be an essential, nontemporary employee at such date. Such certificate shall be conclusive evidence to the Commissioner of the employment status of the mortgagor and of the mortgagor's need for housing.

(b) No mortgage shall be insured under this section unless the Secretary or his designee shall have certified to the Commissioner that the housing is necessary to provide adequate housing for such civilians employed in connection with such a research and development installation and that there is no present intention to substantially curtail the number of such civilian personnel assigned or to be assigned to such installation. Such certification shall be conclusive evidence to the Commissioner of the need for such housing but if the Commissioner determines that insurance of mortgages on such housing is not an acceptable risk, he may require the Secretary to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to mortgages insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.

(c) The Commissioner may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act, that the project or property be economically sound or an acceptable risk.

(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of insurance as provided in section 204 (a) with respect to mortgages insured under section 203.

(e) The provisions of subsections (b), (c), (d), (e), (f), (g), (h), and (j) of section 204 shall apply to mortgages insured under this section except that as applicable to those mortgages: (1) all references to the "Fund" or "Mutual Mortgage Insurance Fund" shall refer to the "Armed Services Housing Mortgage Insurance Fund" and (2) all references to section 203 shall refer to this section.

(f) The provisions of sections 801, 802, 803 (c), 803 (i), 803 (j), 804 (a), 804 (b), and 807 and the provisions of section 803 (a) relating to the aggregate amount of all mortgages insured and the expiration date of the Commissioner's authority to insure under this title, shall be applicable to mortgages insured under this section.

